

UNCERTAIN TRAVEL GROWTH: 2025 TOURISM KEY THEMES

December 2024

Dave Goodger - Managing Director EMEA

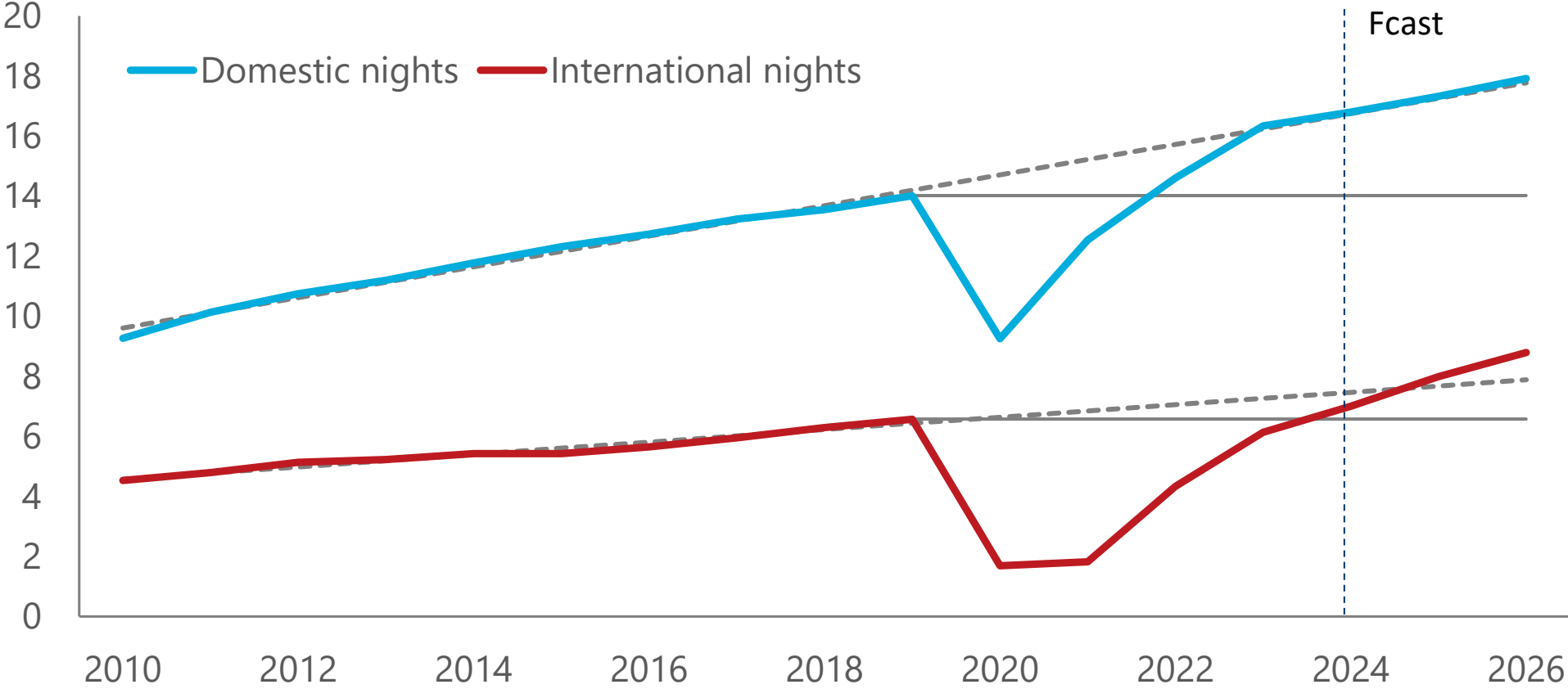
Helen McDermott – Director of Global Forecasting



Global travel is entering a new growth phase

Global trend in international & domestic nights

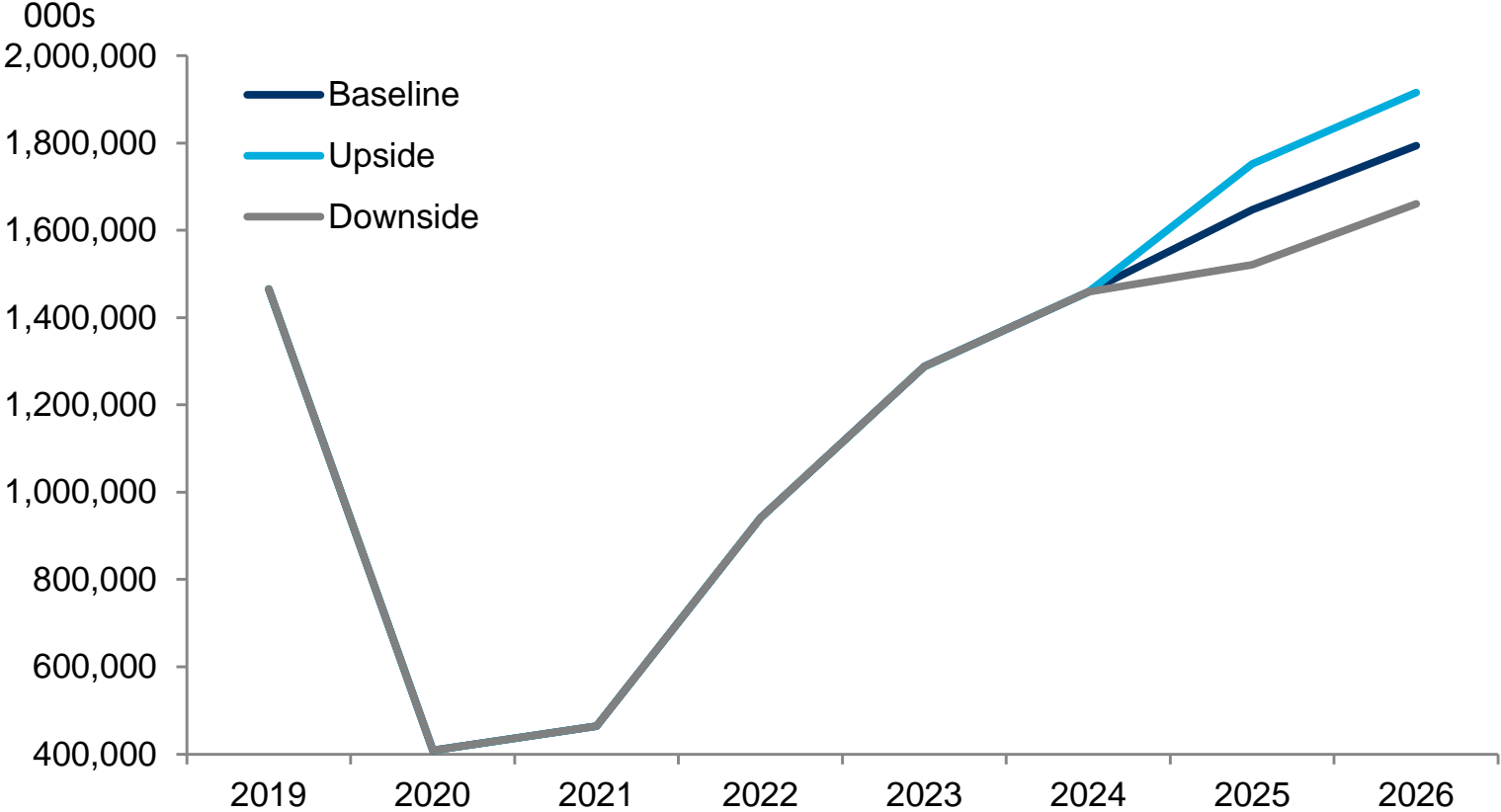
Bns. Dashed lines are simple 2010-19 trend



Source: Tourism Economics

Travel risks skewed to the downside

World: Total International Arrivals



Source: Tourism Economics

Risks more prominent in ME

2025 % difference from baseline by region in alternative scenarios

World	+6%	-8%
Middle East	+10%	-12%
Africa	+8%	-10%
Asia Pacific	+8%	-8%
Americas	+6%	-7%
Europe	+5%	-7%

By-country and by-region scenario results now available in dashboard format at www.oxfordeconomics.com for subscribers

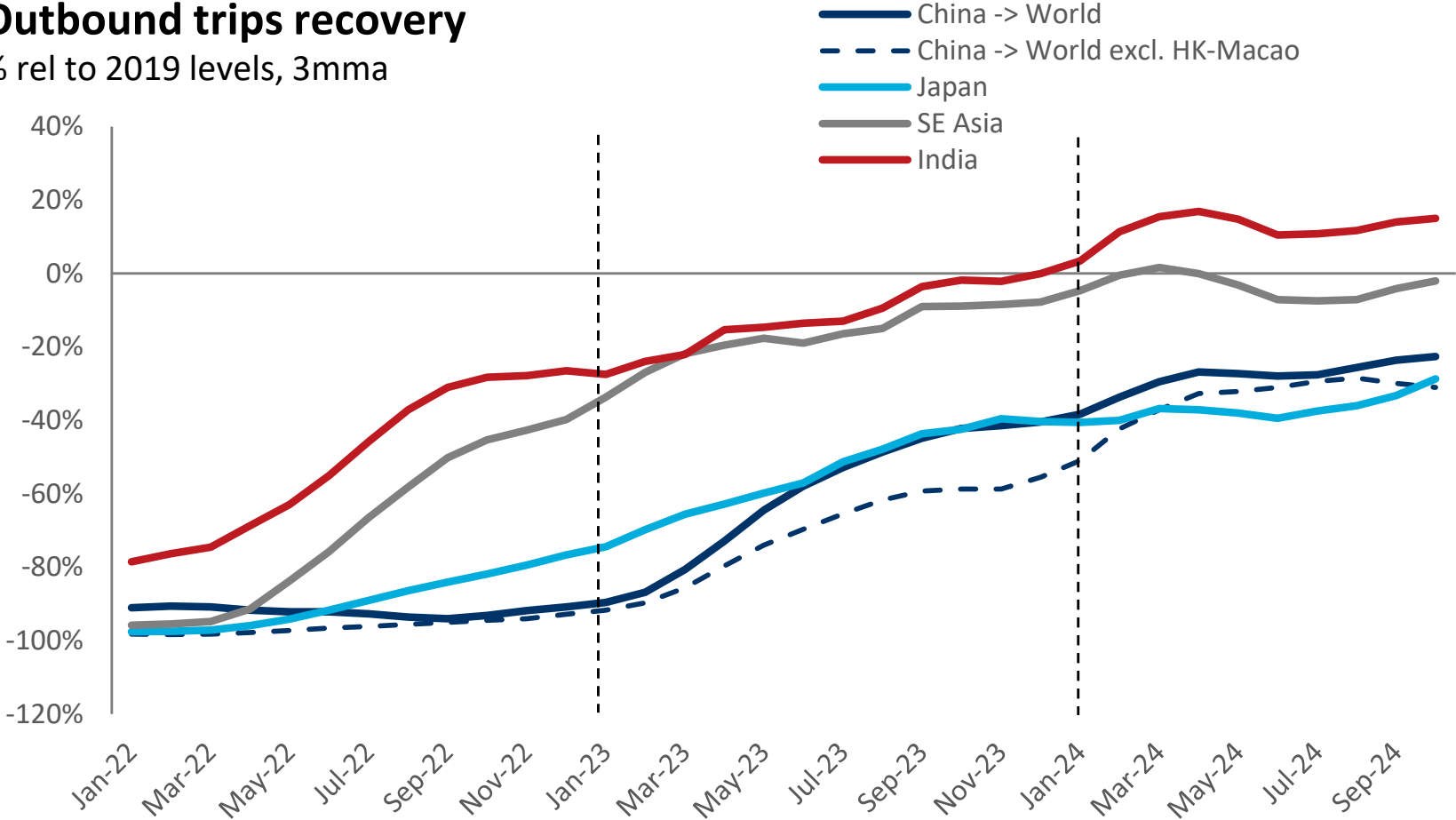
2025 tourism key themes

- **Chinese travel** will continue to increase but full recovery to pre-pandemic volumes is deferred while underlying demand trends are changing
- Trump's second term as president adds to uncertainty in policy, trade, international relations and travel sentiment.
- Value for money is increasingly important for destination choice
- Overtourism is an issue for a range of destinations as demand continues to grow. But there remain opportunities for other destinations and businesses

China outbound travel is plateauing

Outbound trips recovery

% rel to 2019 levels, 3mma



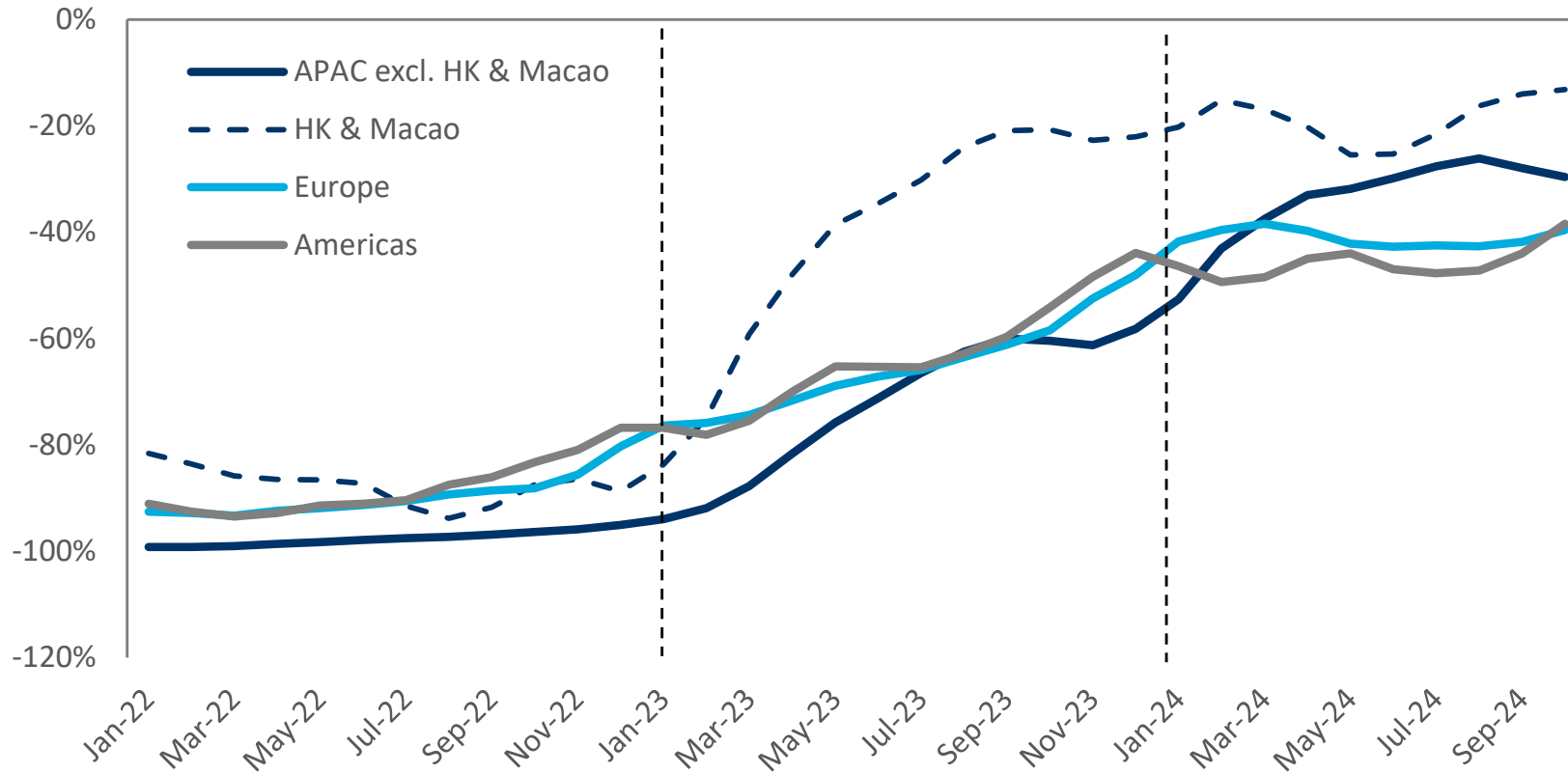
Source: Tourism Economics

Note: Data are collated from a sample of destination countries reporting monthly arrivals by source market

But short-haul destinations are doing well

Outbound trips recovery from China by destination region

% rel to 2019 levels, 3mma



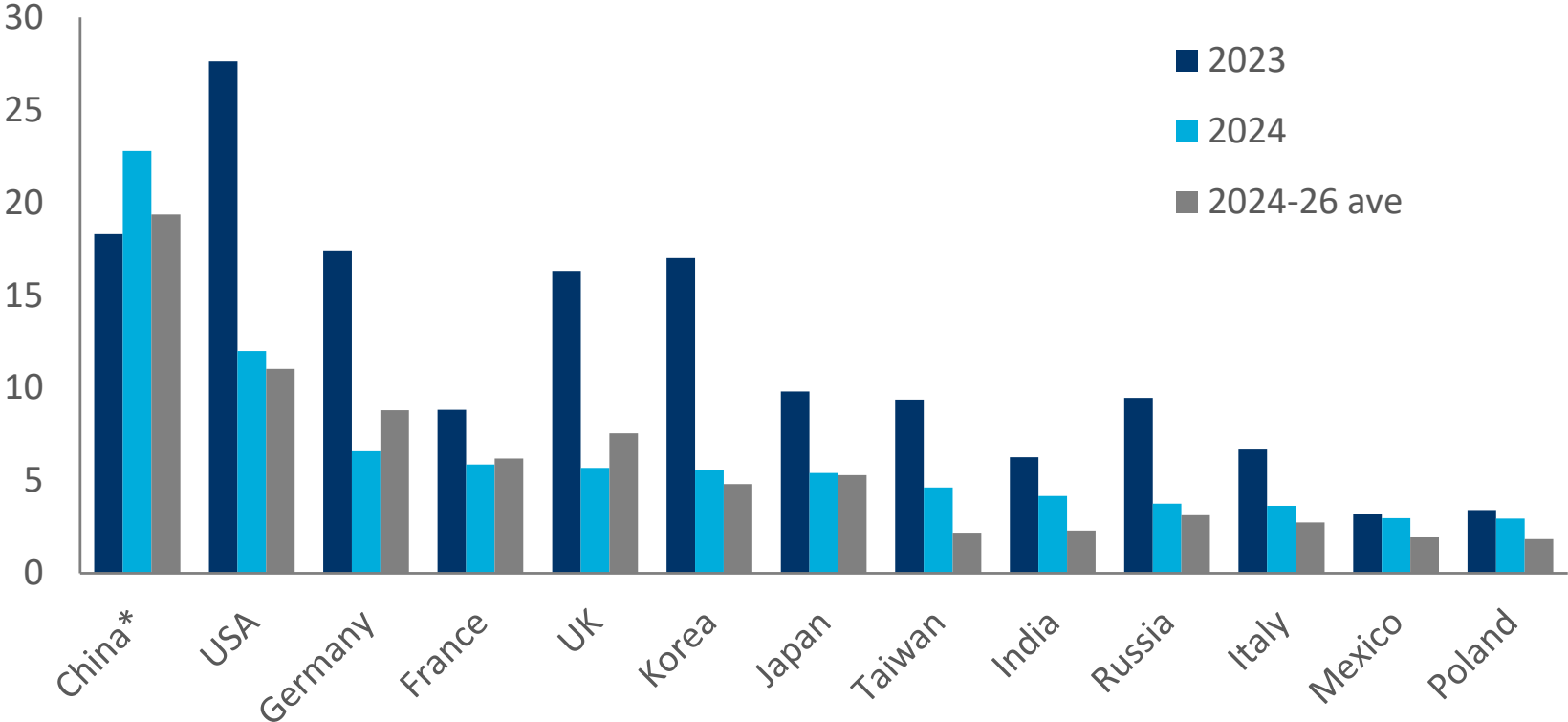
Source: Tourism Economics

Note: Data are collated from a sample of destination countries reporting monthly arrivals by source market

China is making a larger contribution to global growth

Source market growth contribution to global inbound growth

Mns of additional international visits globally



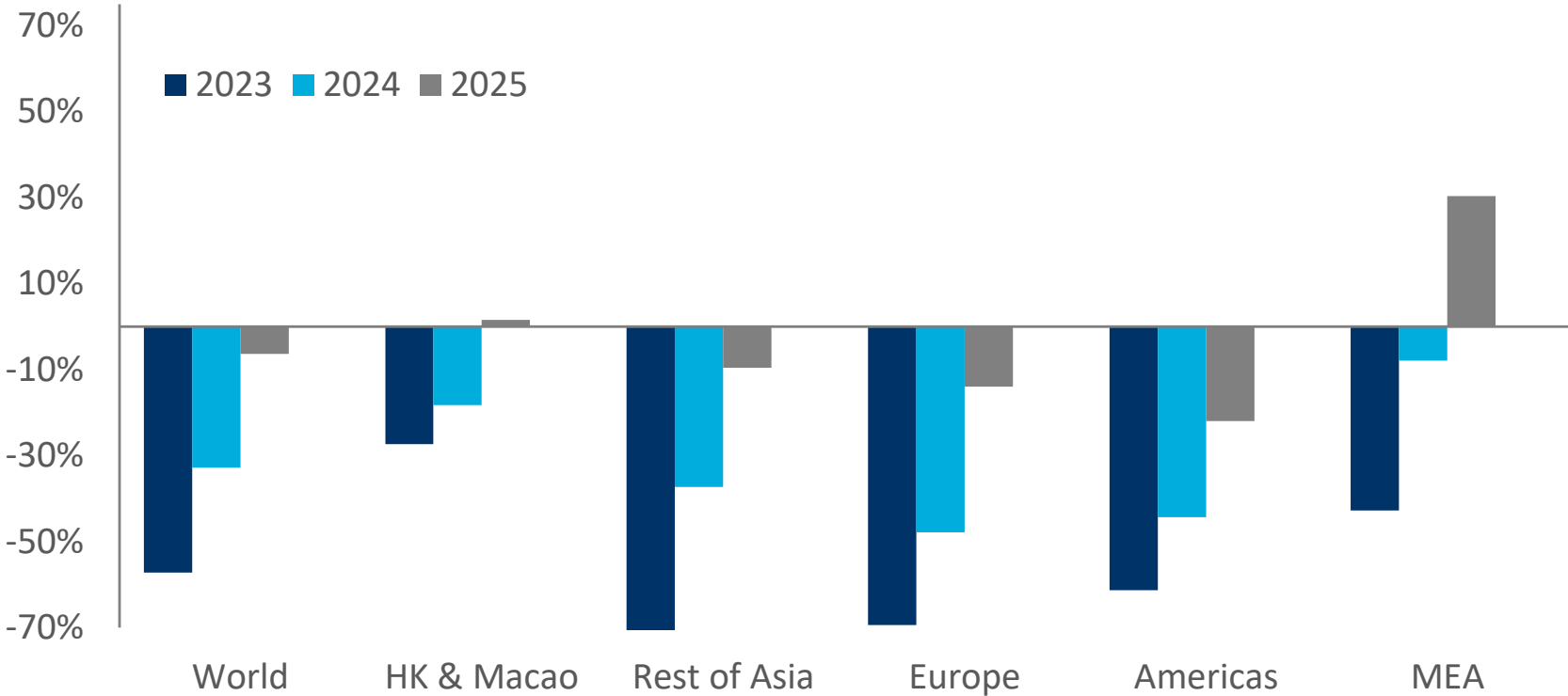
Source: Tourism Economics

*China data excludes travel to Hong Kong, SAR and Macau, SAR

China outbound travel recovery by region

China outbound trips by destination region

% rel to 2019 levels

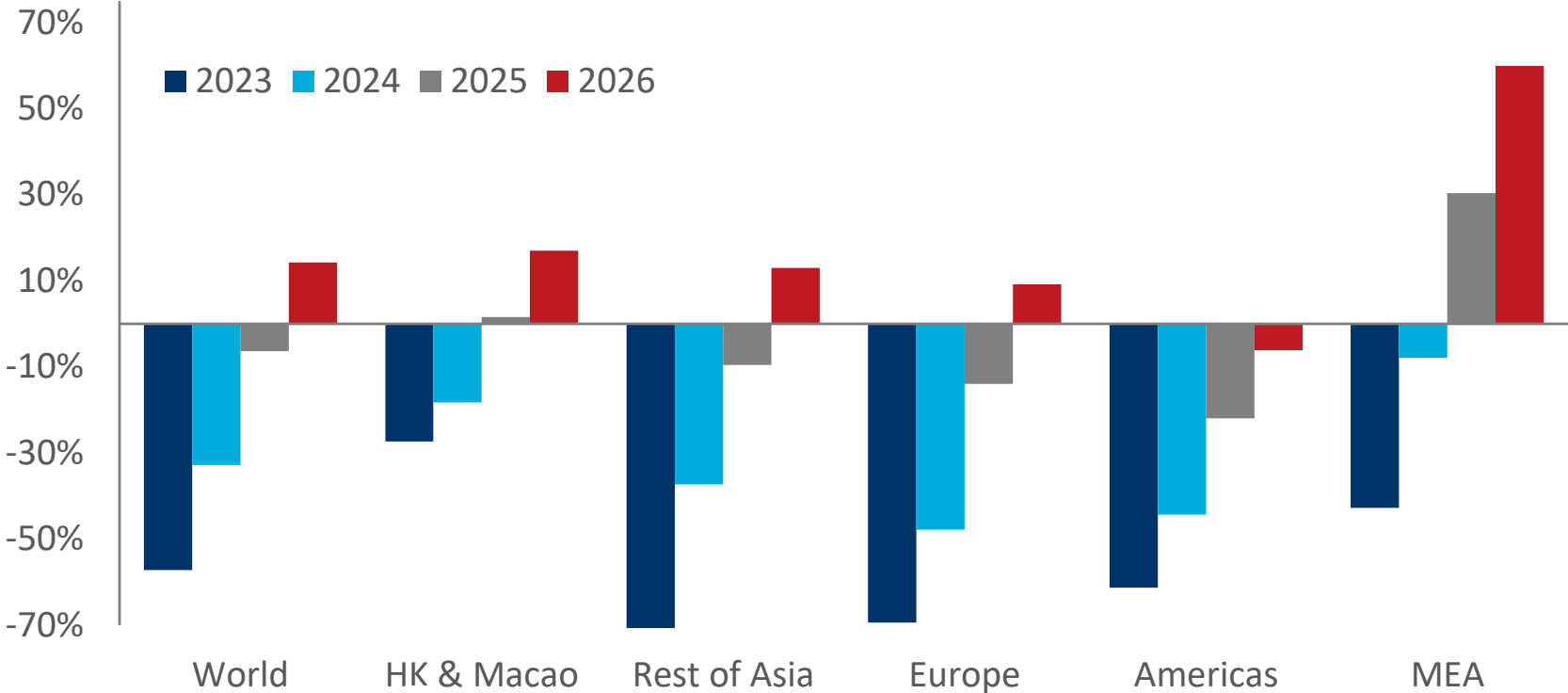


Source: Tourism Economics

China outbound travel recovery by region

China outbound trips by destination region

% rel to 2019 levels

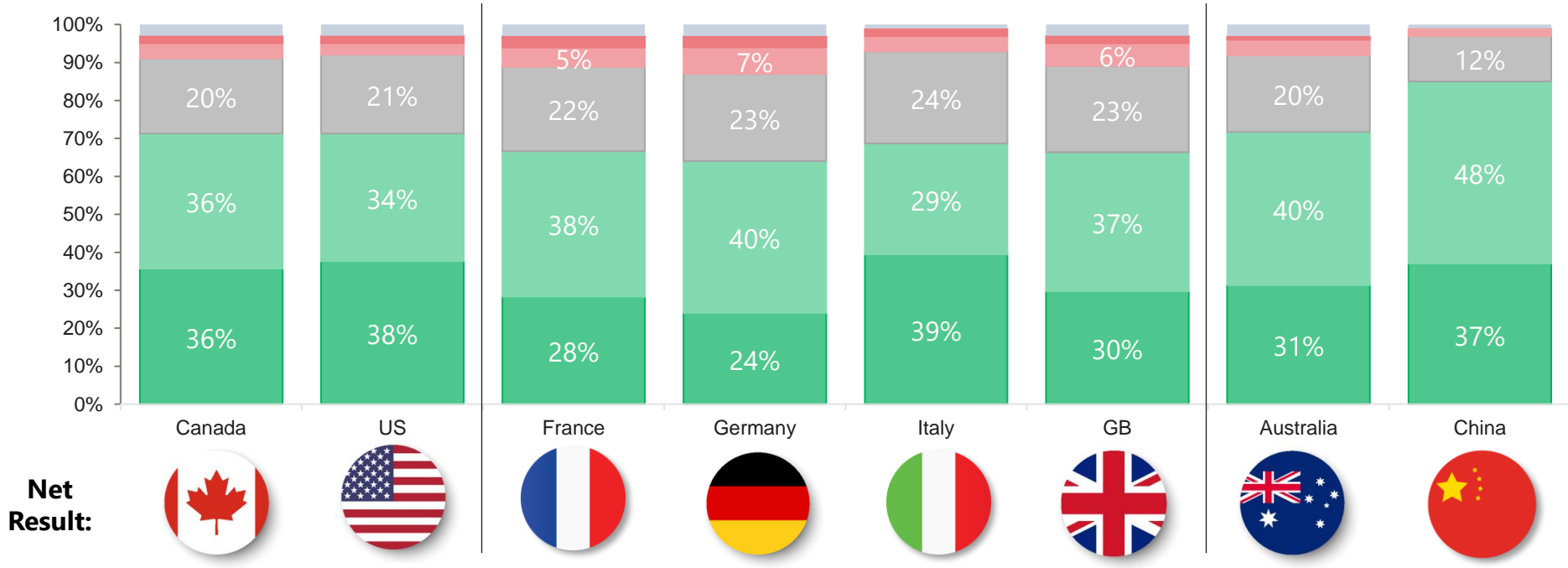


Source: Tourism Economics

Ease of access is more important for Chinese travellers

To what extent to do agree with the following statement:
“I choose destinations that are easy to enter from a travel visa perspective.”

■ Agree strongly
 ■ Agree slightly
 ■ Neither disagree nor agree
 ■ Disagree slightly
 ■ Disagree strongly
 ■ Not sure



Net Result:

North America

Europe

APAC
 TOURISM ECONOMICS

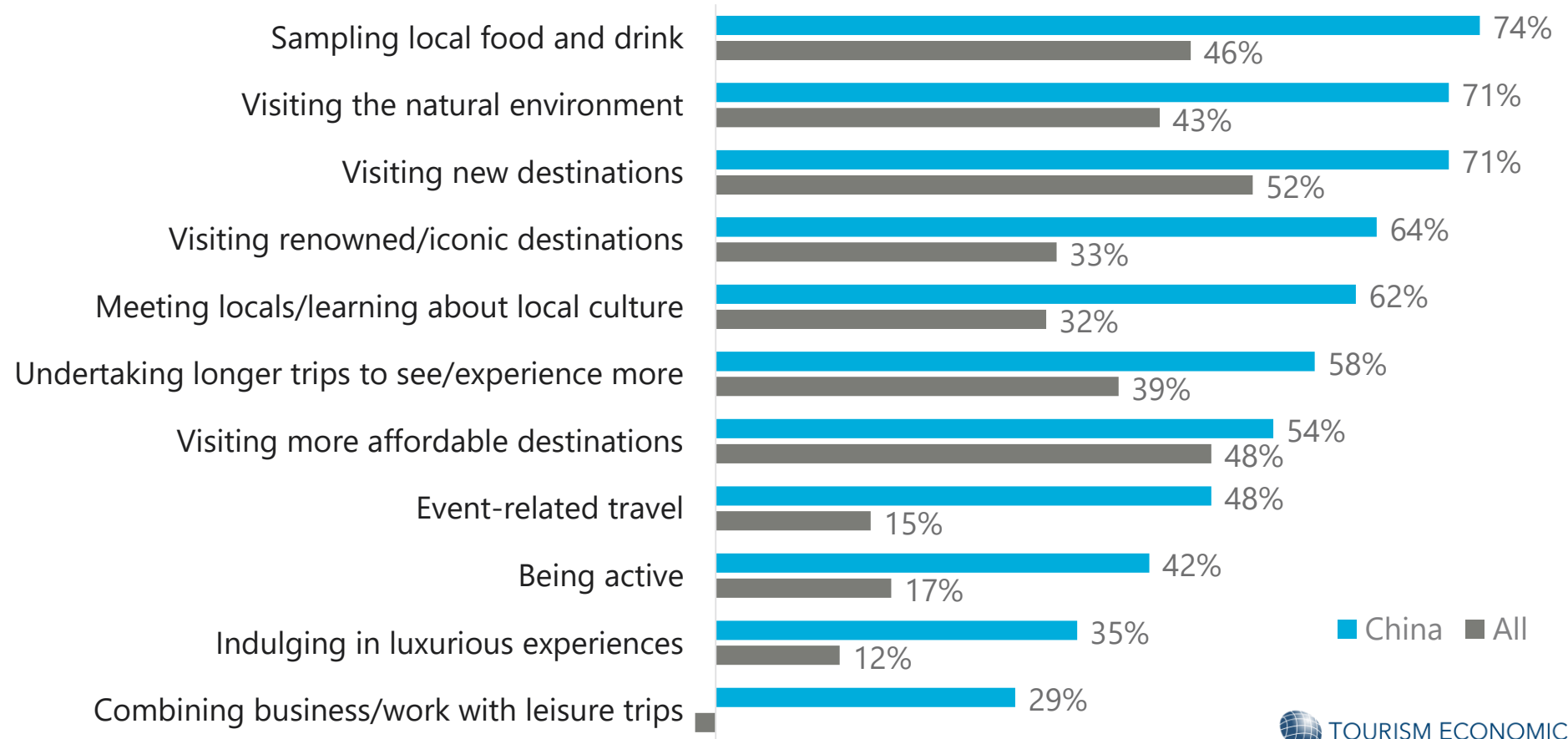
Source: Tourism Economics, Travel Trend Survey

Q. We'd like to understand the importance of a seamless arrival experience on your decision to choose destinations. To what extent do you agree or disagree with the below statements?
 | n=X

Preferences differ with mix of first-time and repeat travellers

Preferences When Undertaking International Trips

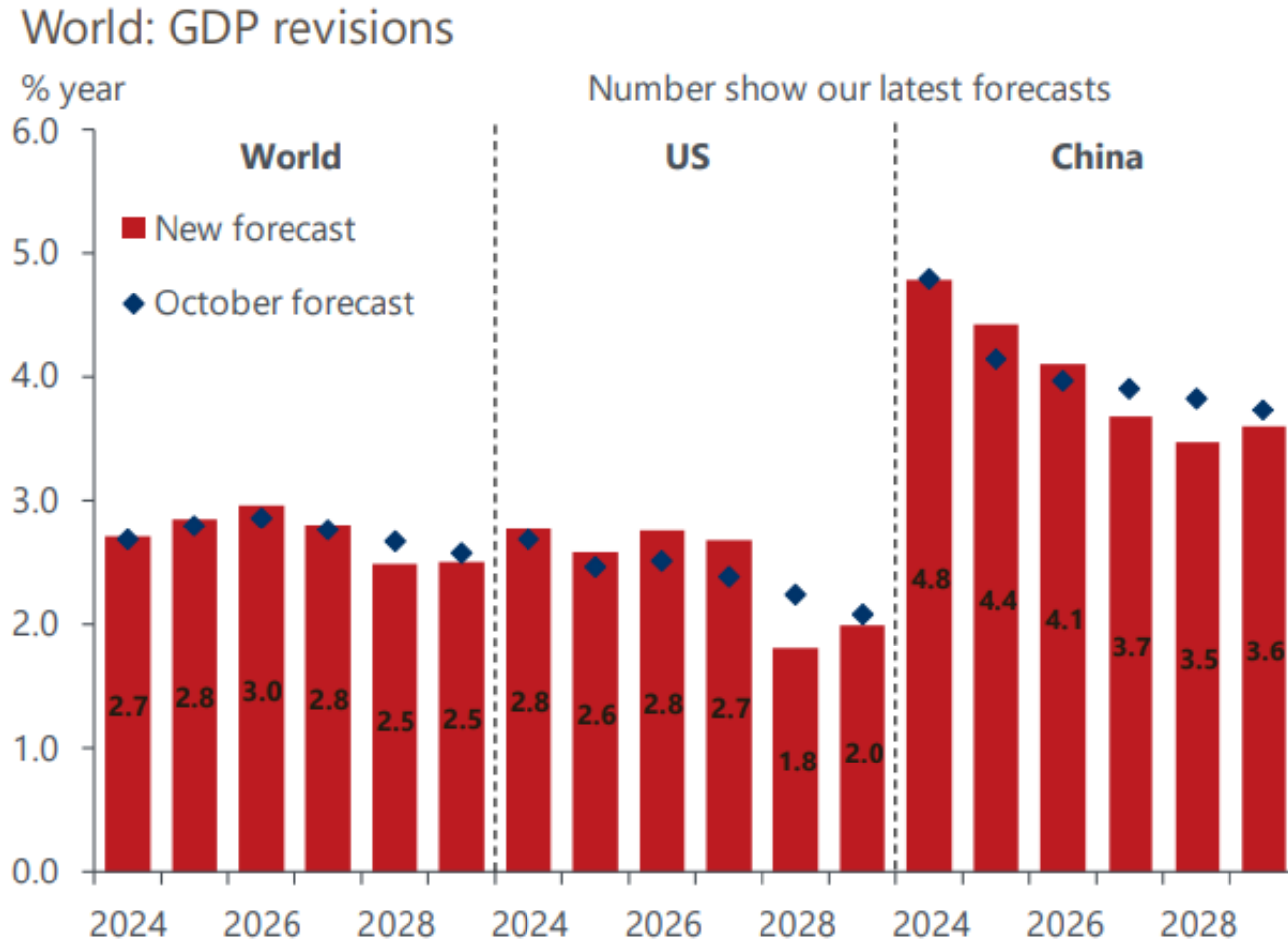
(Net Results)



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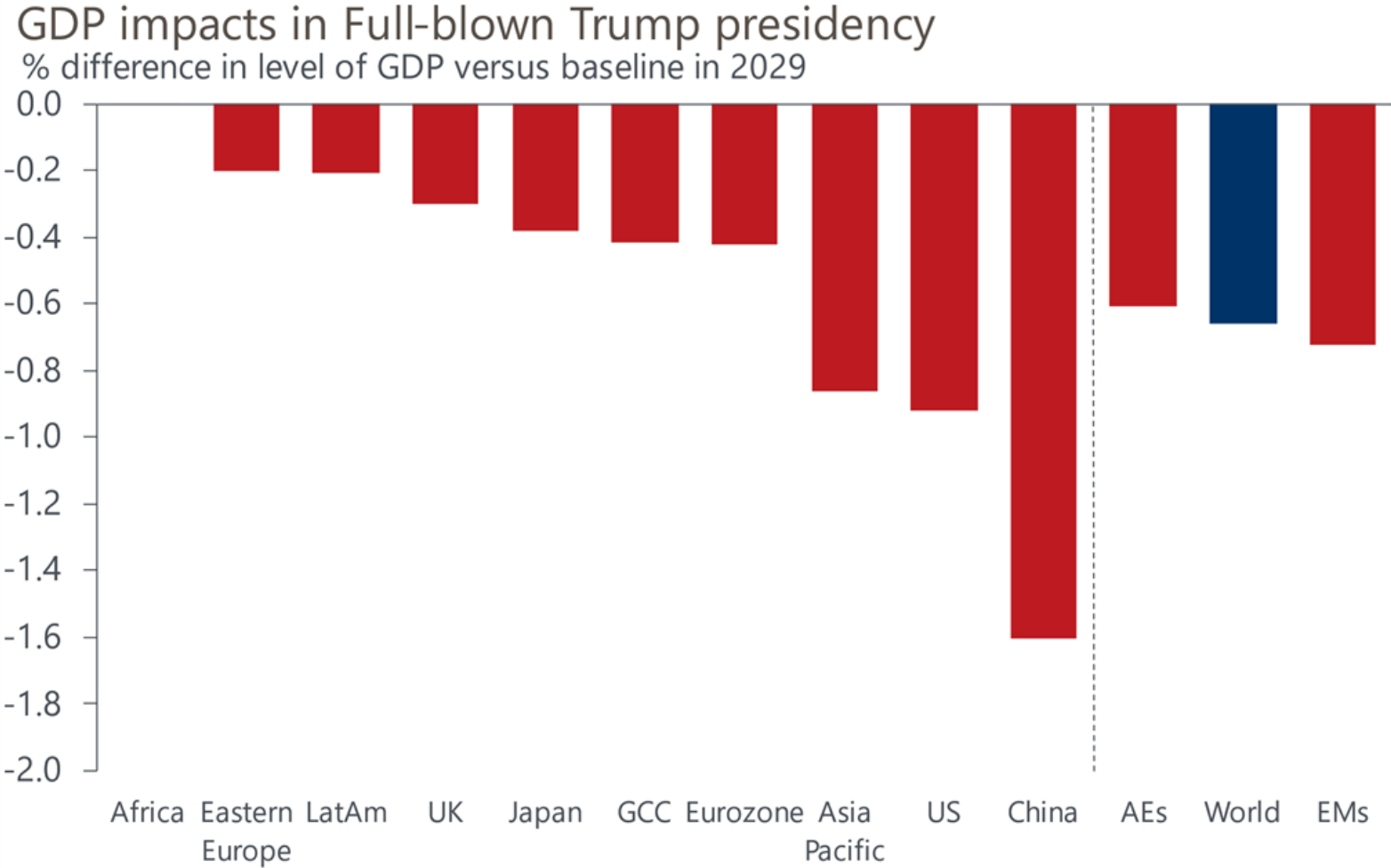
GDP outlook following the US election



Source: Oxford Economics

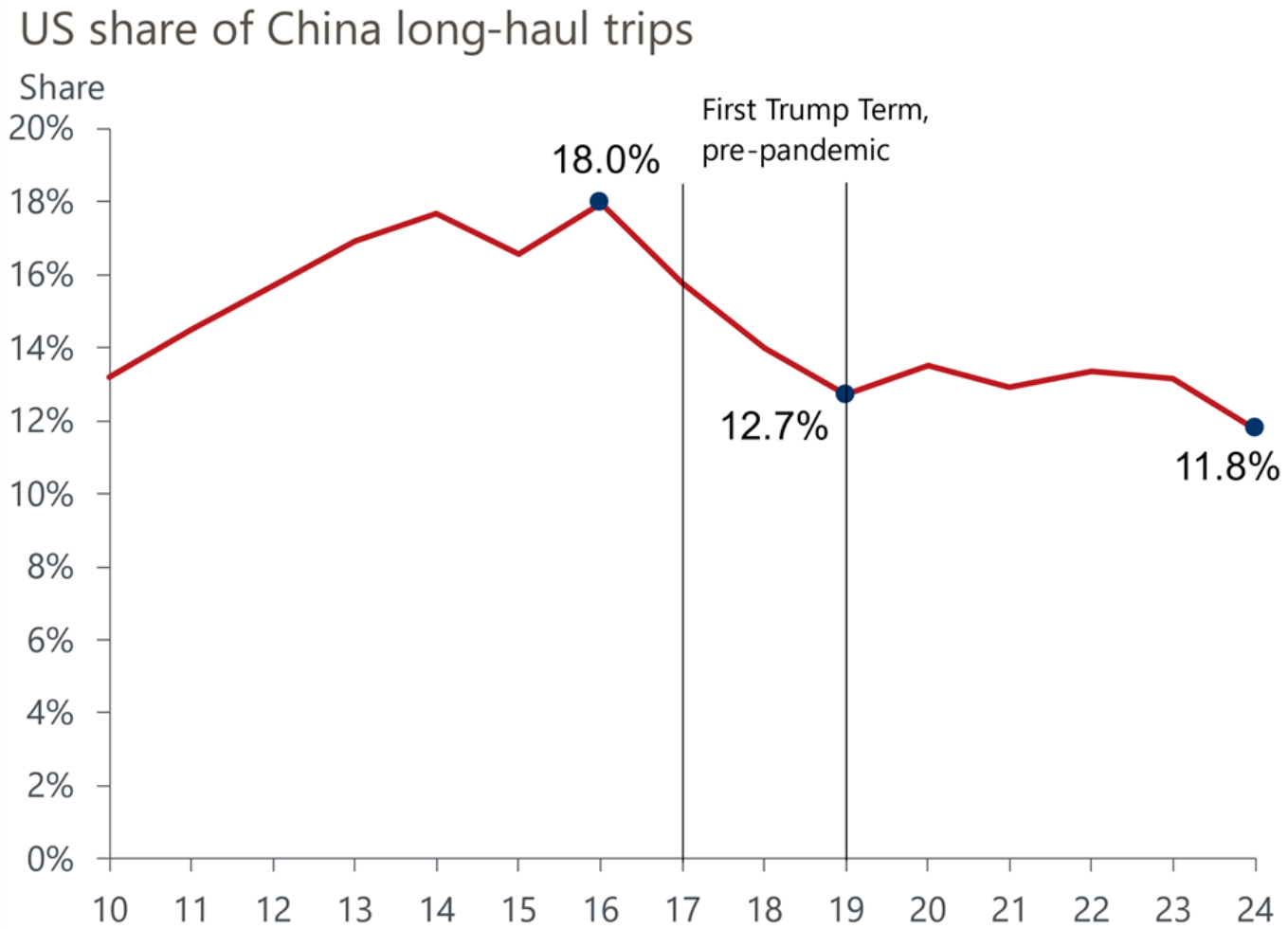
- Impacts of a second Trump presidency will be far reaching but will be larger for the US and China
- New tariffs are expected on a range of markets
- Near-term upgrade to US GDP, but weaker growth further out
- Uncertainty surrounding support for Ukraine and foreign policy including in Middle East

Trump presidency – potential negative impacts worldwide



Source: Oxford Economics, From: Q3 2024 Report: Geopolitical storm (September update)

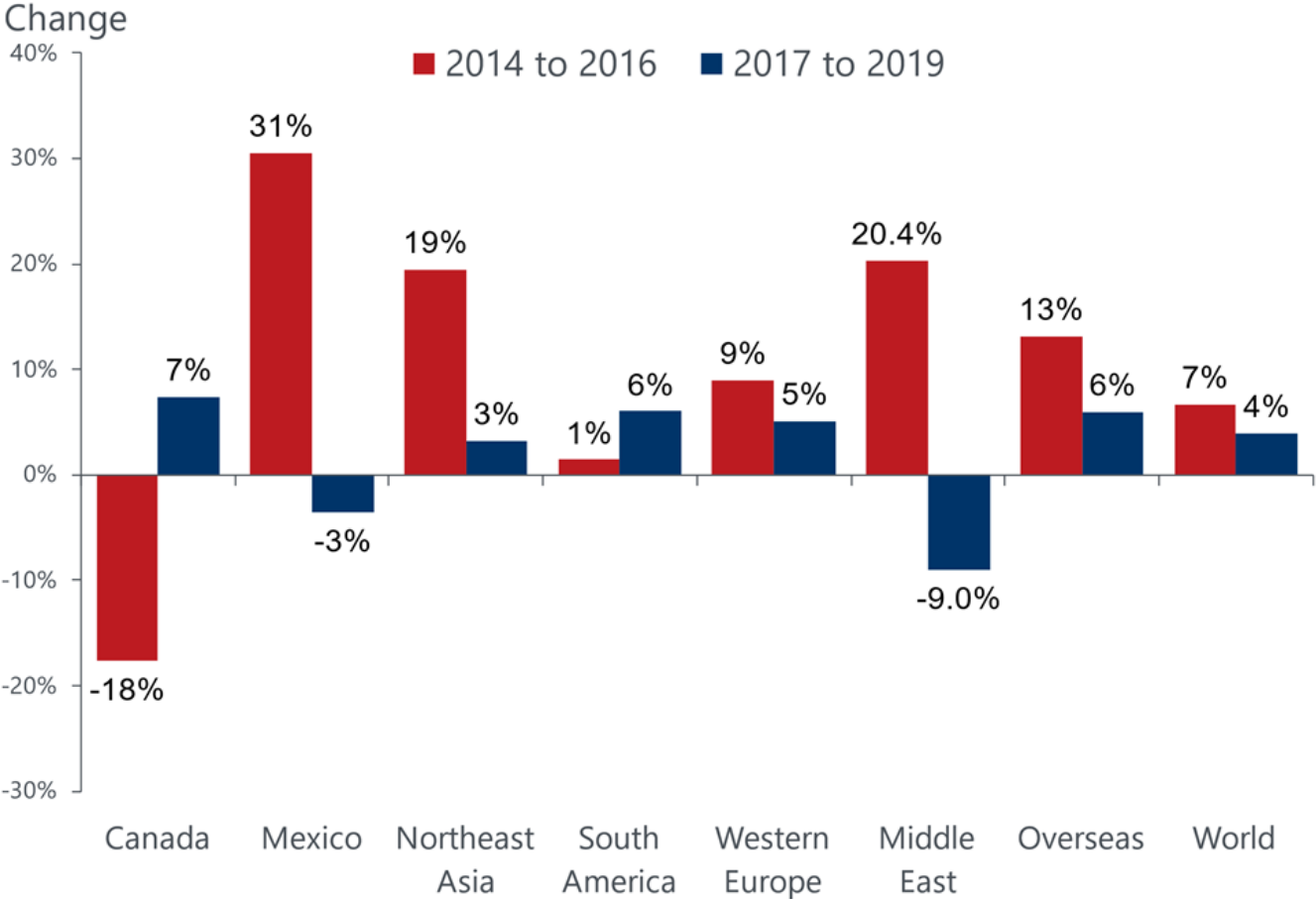
US share of Chinese long-haul fell during Trump's first term



Source: Tourism Economics/National Travel and Tourism Office, From: US: What's in store with a second Trump administration?

Sharp slowdown in travel to the US from all major regions

International visitors to US by origin

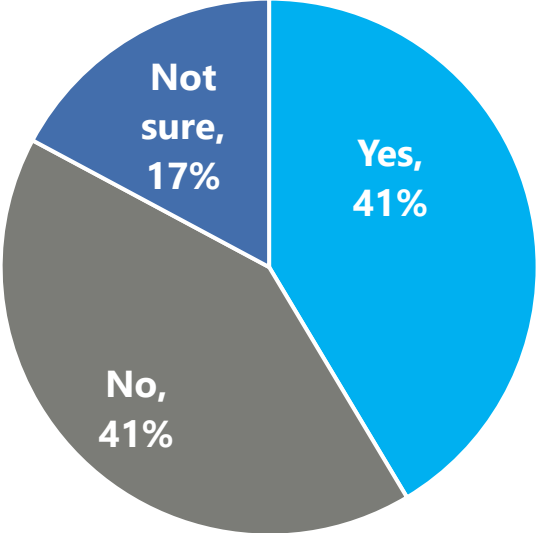


Source: Tourism Economics/National Travel and Tourism Office, From: US: What's in store with a second Trump administration?

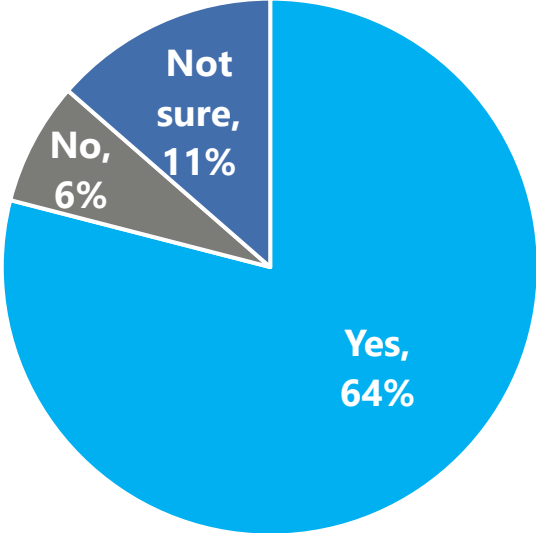
Trump second term has altered perceptions

Will there be an impact of the US Presidential election on your destination?

All respondents



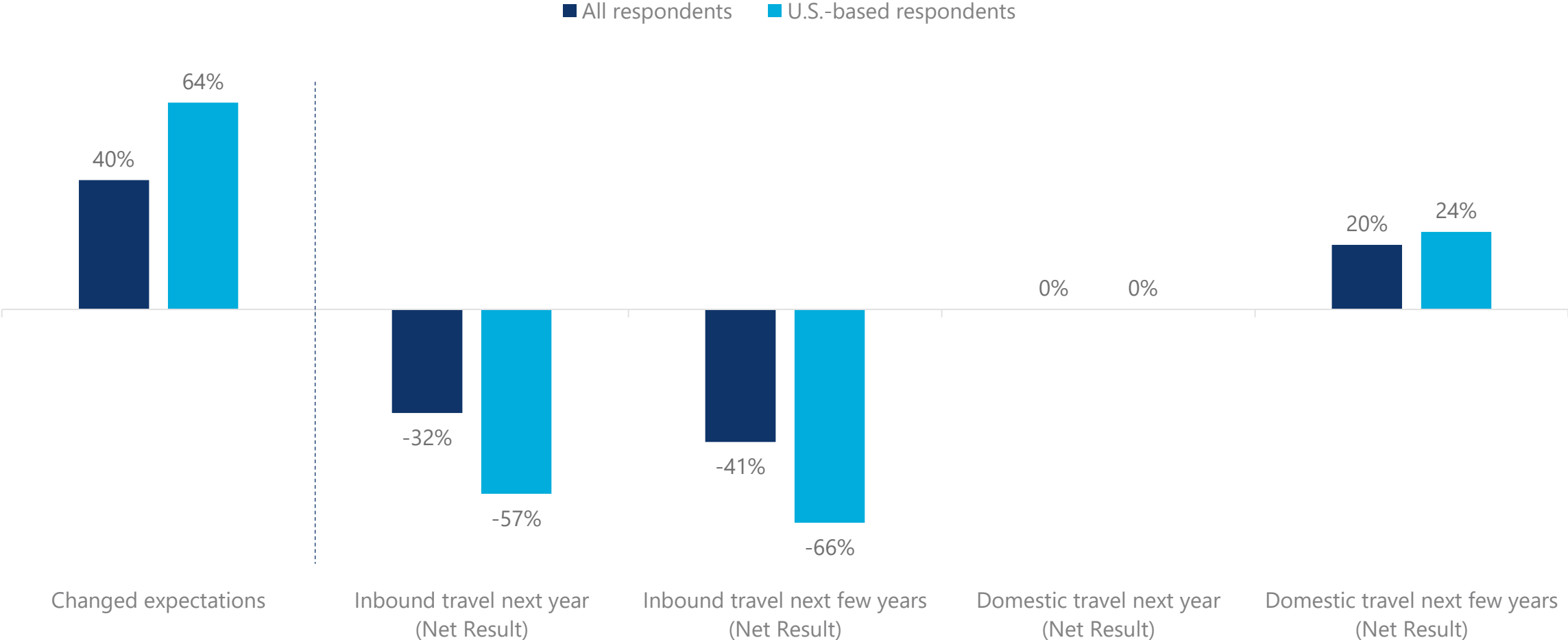
US respondents



Q: Has the outcome of the U.S. presidential election in November 2024 changed your expectations regarding tourism growth in the country where you live? | Thinking about your views on the impact of the U.S. presidential election outcome on travel in the country where you live, which of the below apply? | Q4 2024: n= 82 (34 said the outcome of the U.S elections HAS changed their expectations)

Impact is expected to be worse for the US

Changed Expectations of Tourism Growth Due to Impact of U.S Presidential Election

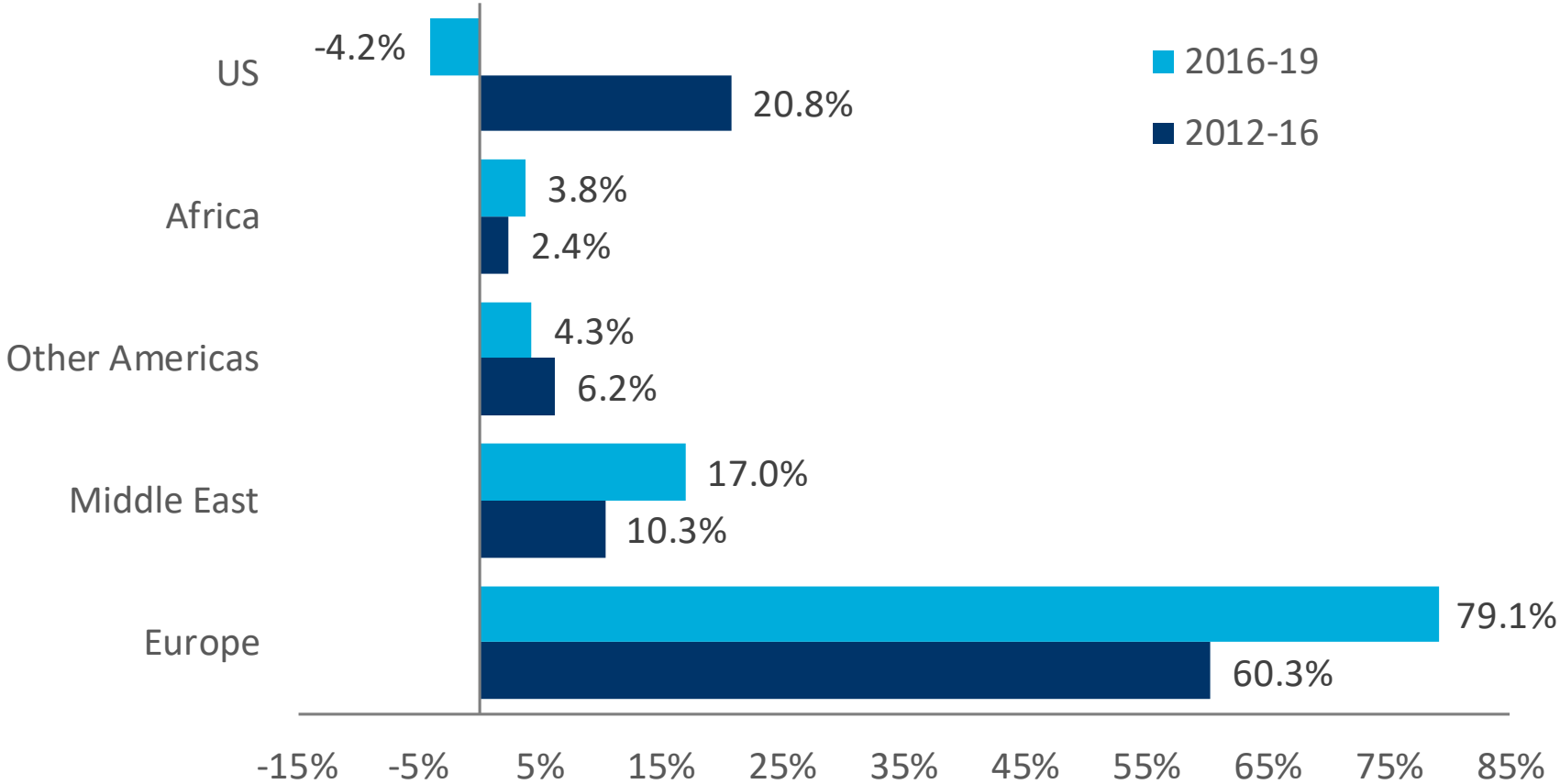


Q: Has the outcome of the U.S. presidential election in November 2024 changed your expectations regarding tourism growth in the country where you live? | Thinking about your views on the impact of the U.S. presidential election outcome on travel in the country where you live, which of the below apply? | Q4 2024: n= 82 (34 said the outcome of the U.S elections HAS changed their expectations)

Potential opportunities exist for other regions

Share of Chinese long-haul outbound travel growth

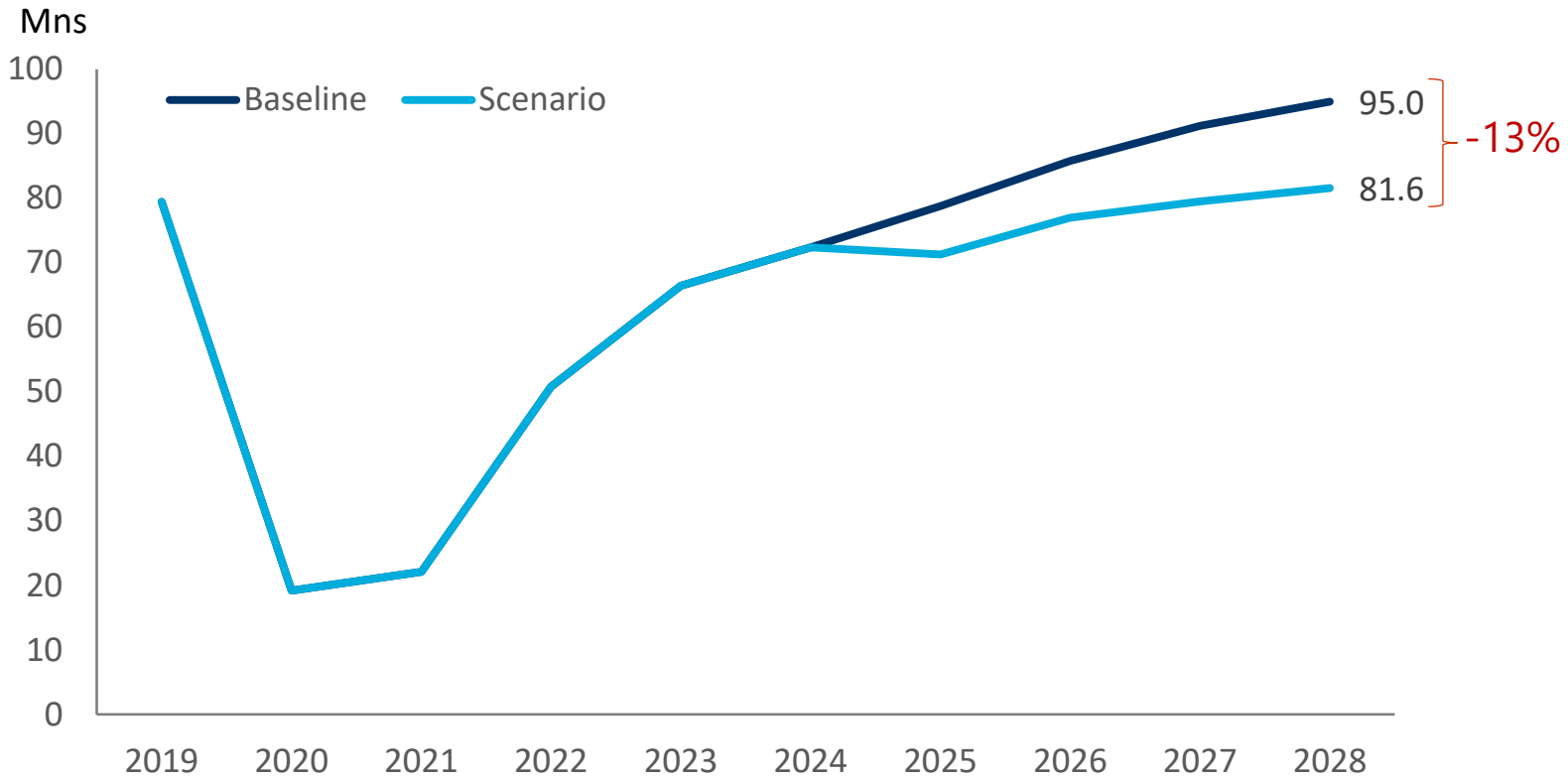
% share of growth in Chinese outbound trips growth



Source: Tourism Economics/National Travel and Tourism Office, From: US: What's in store with a second Trump administration?

US could see 13mn fewer international visitors by 2028

US total international arrivals



Source: Tourism Economics

This scenario considers:

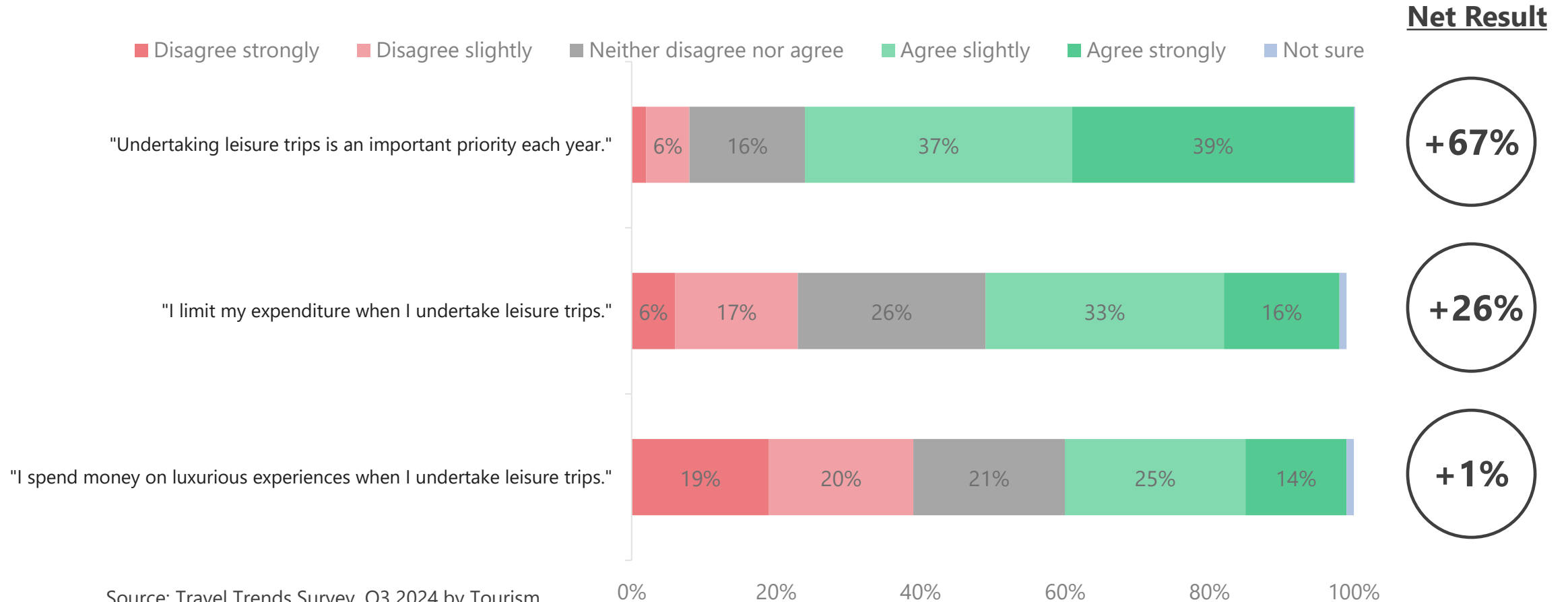
- Economic impacts (as outlined above).
- Market share losses from targeted source markets. Market share losses are comparable to those observed in Trump's first term from China.
- Retaliatory travel ban imposed by China in response to tariffs, reflecting limits on group travel and air capacity constraints.

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Travel is a priority, but value for money is becoming important

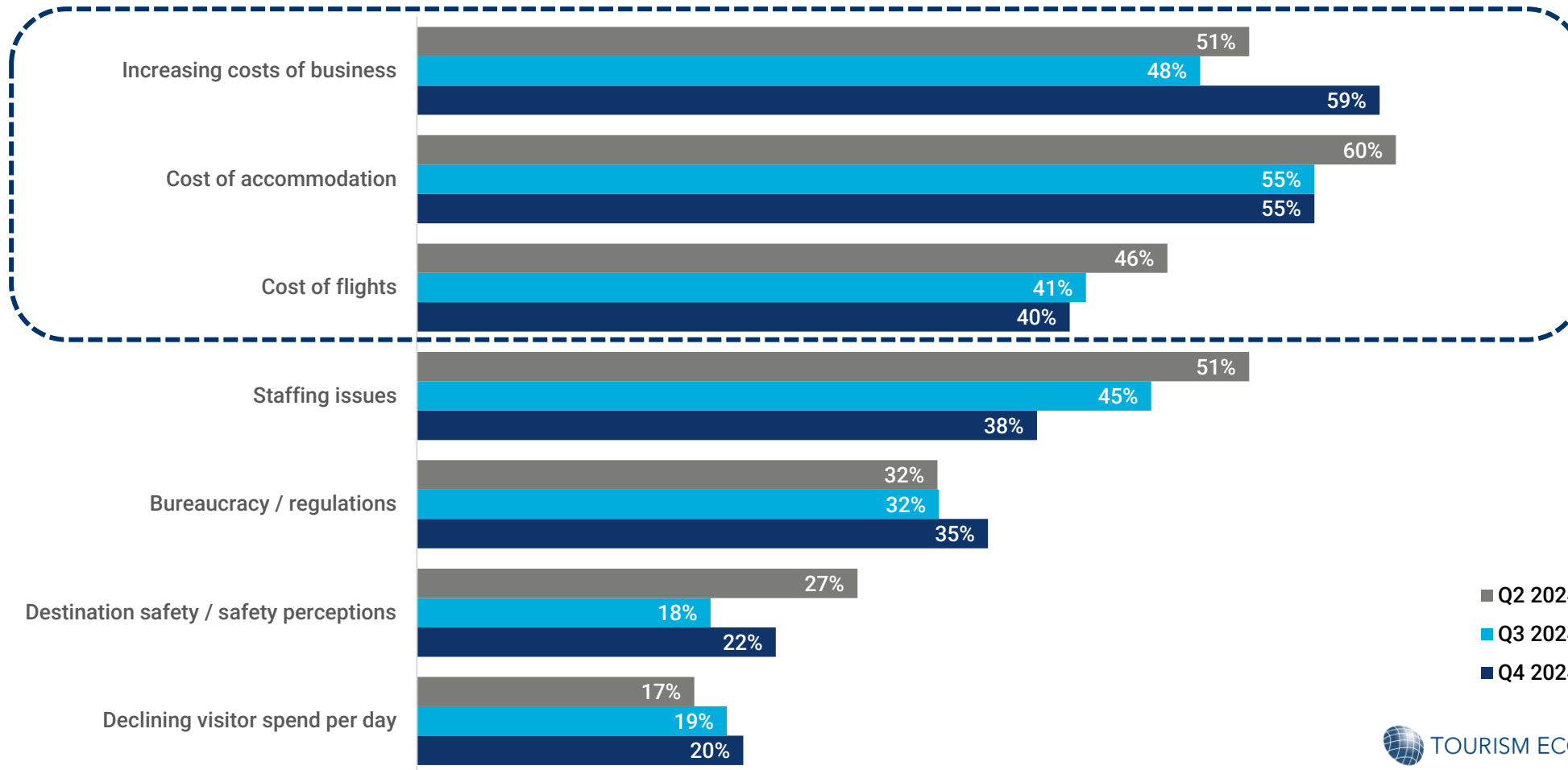
To what extent do you agree or disagree with the following statements?



Source: Travel Trends Survey, Q3 2024 by Tourism Economics/Vitreous World

Costs remain the biggest challenge for businesses

Key Tourism Challenges (Top 7 in Q4 2024)



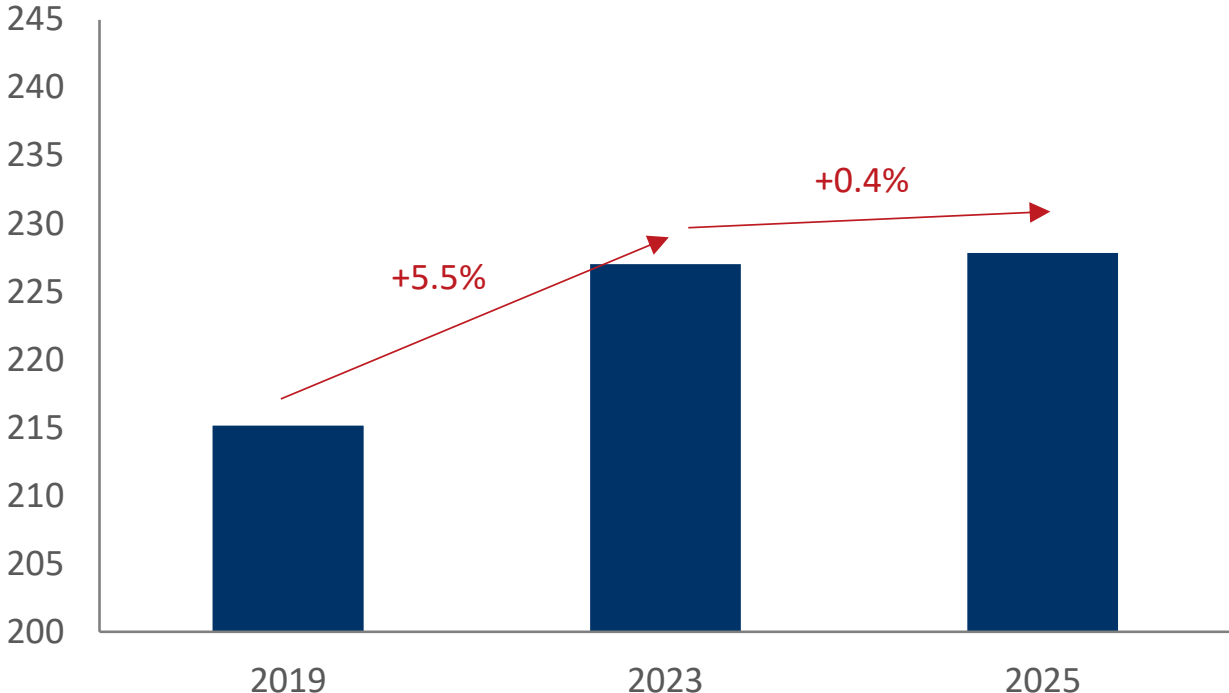
Financial Factors:

Q2 2024: 83%
 Q3 2024: 88%
 Q4 2024: 85%

Average spend is slowing with the peak of inflation now passed

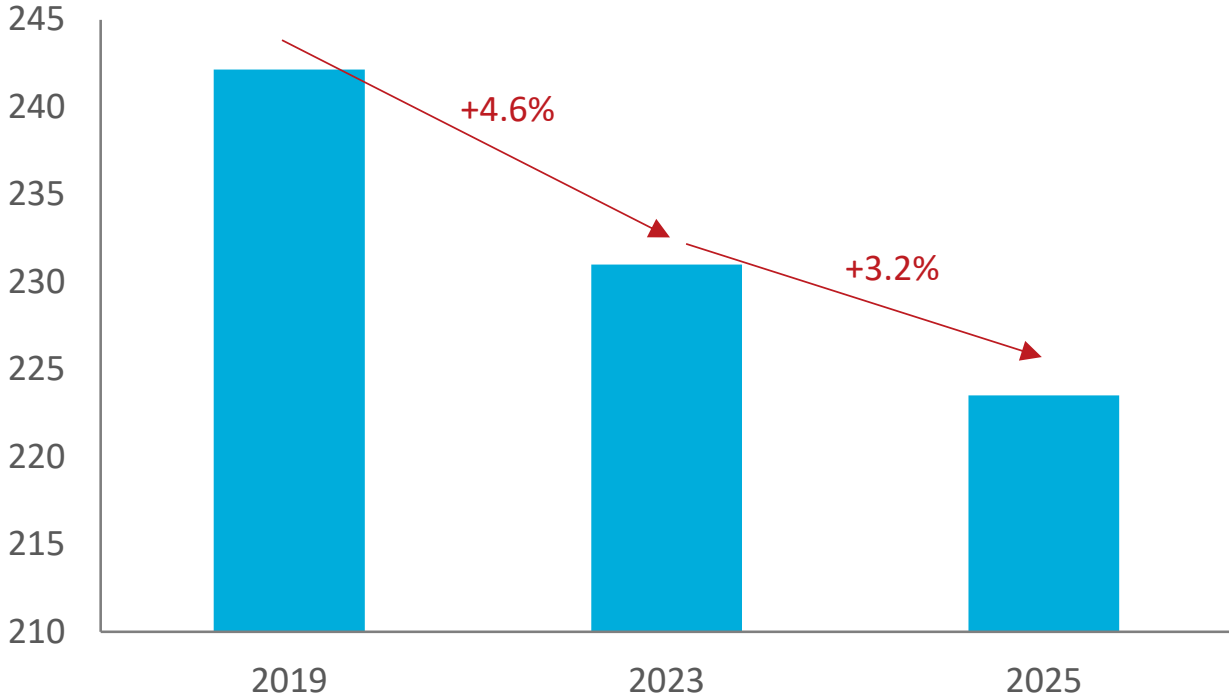
Average spend per night, World

\$ nominal



Average spend per night, World

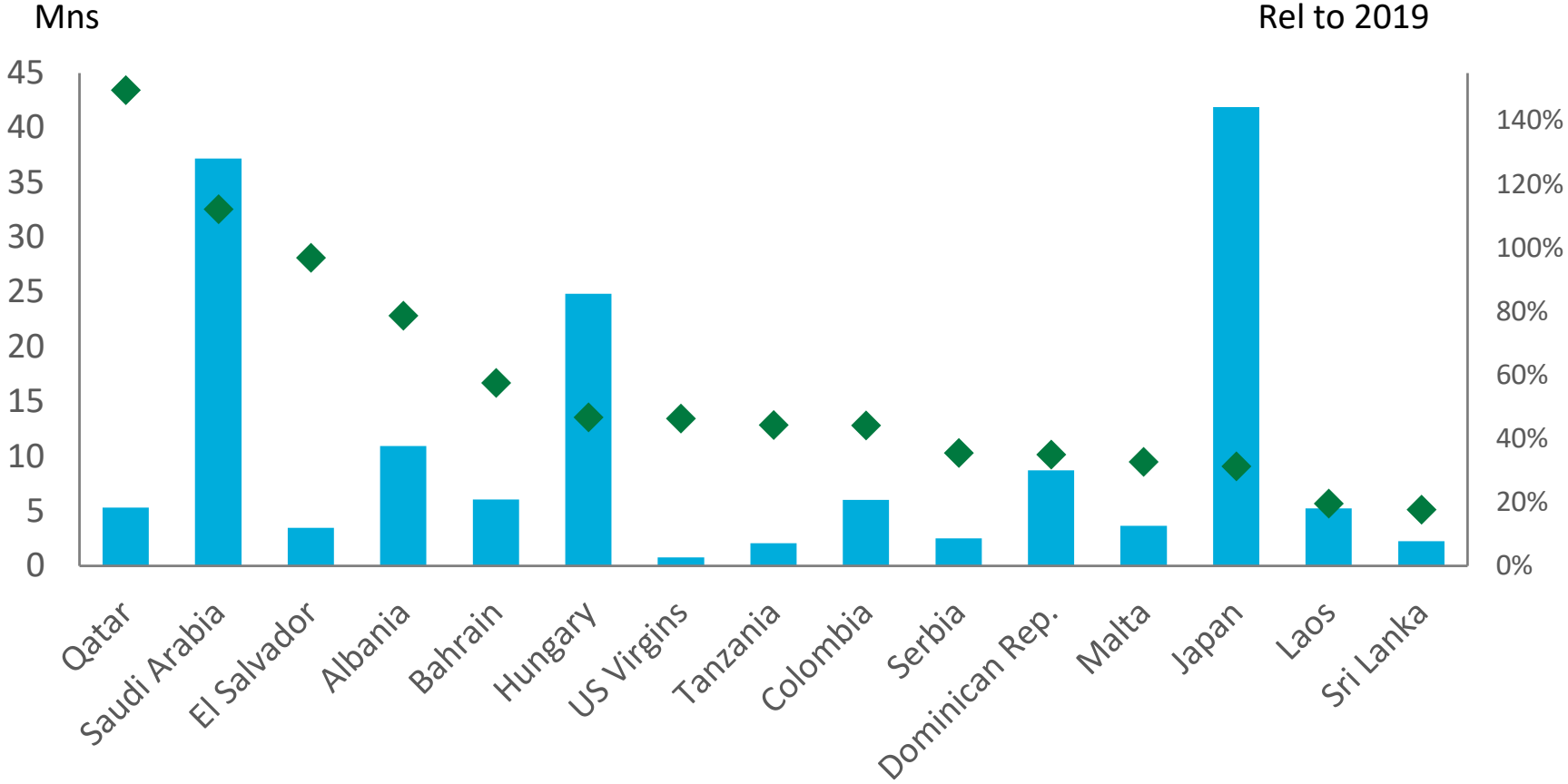
\$ real 2023 prices



Source: Tourism Economics

With value destinations being among the fastest growth markets

Largest growth by selected global destination, 2025



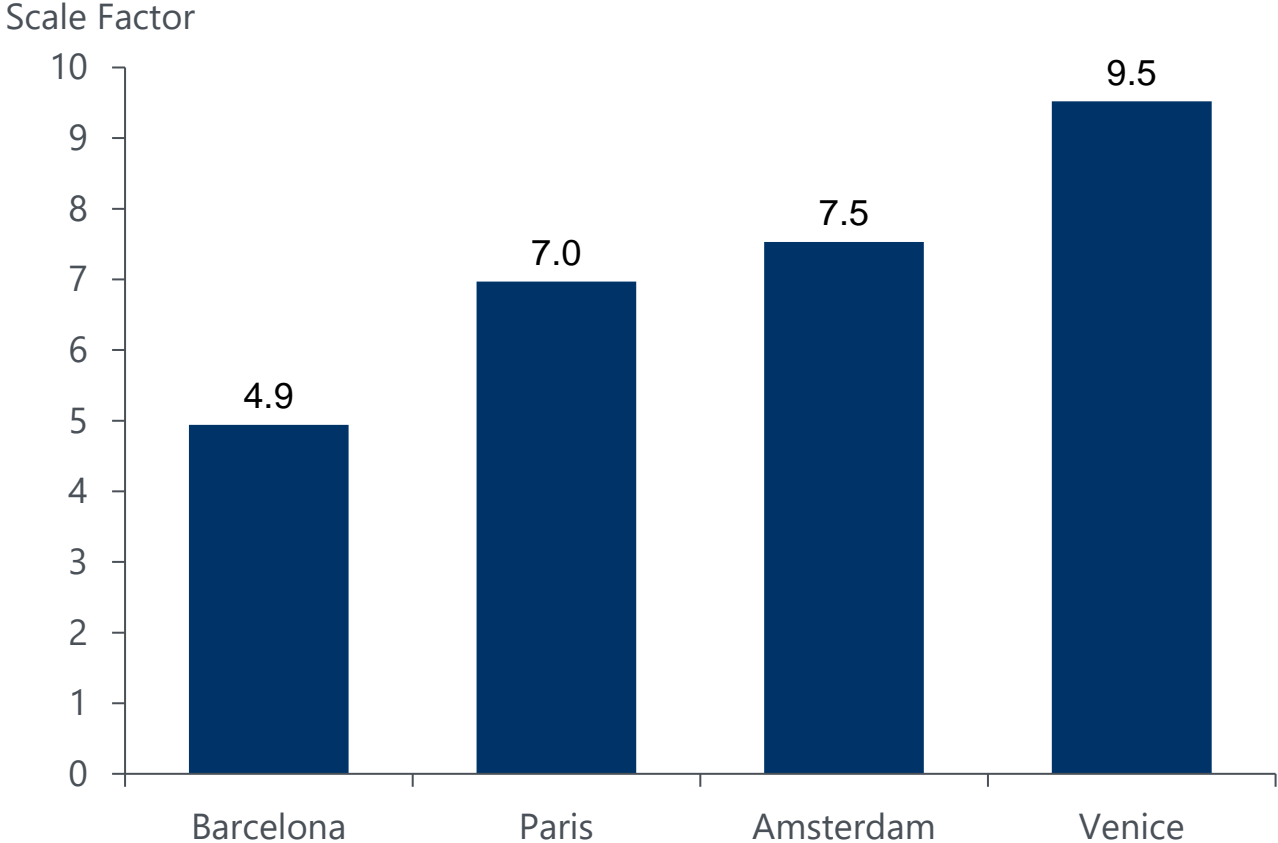
Source: Tourism Economics

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Higher travel volumes have led to rising concerns of overtourism

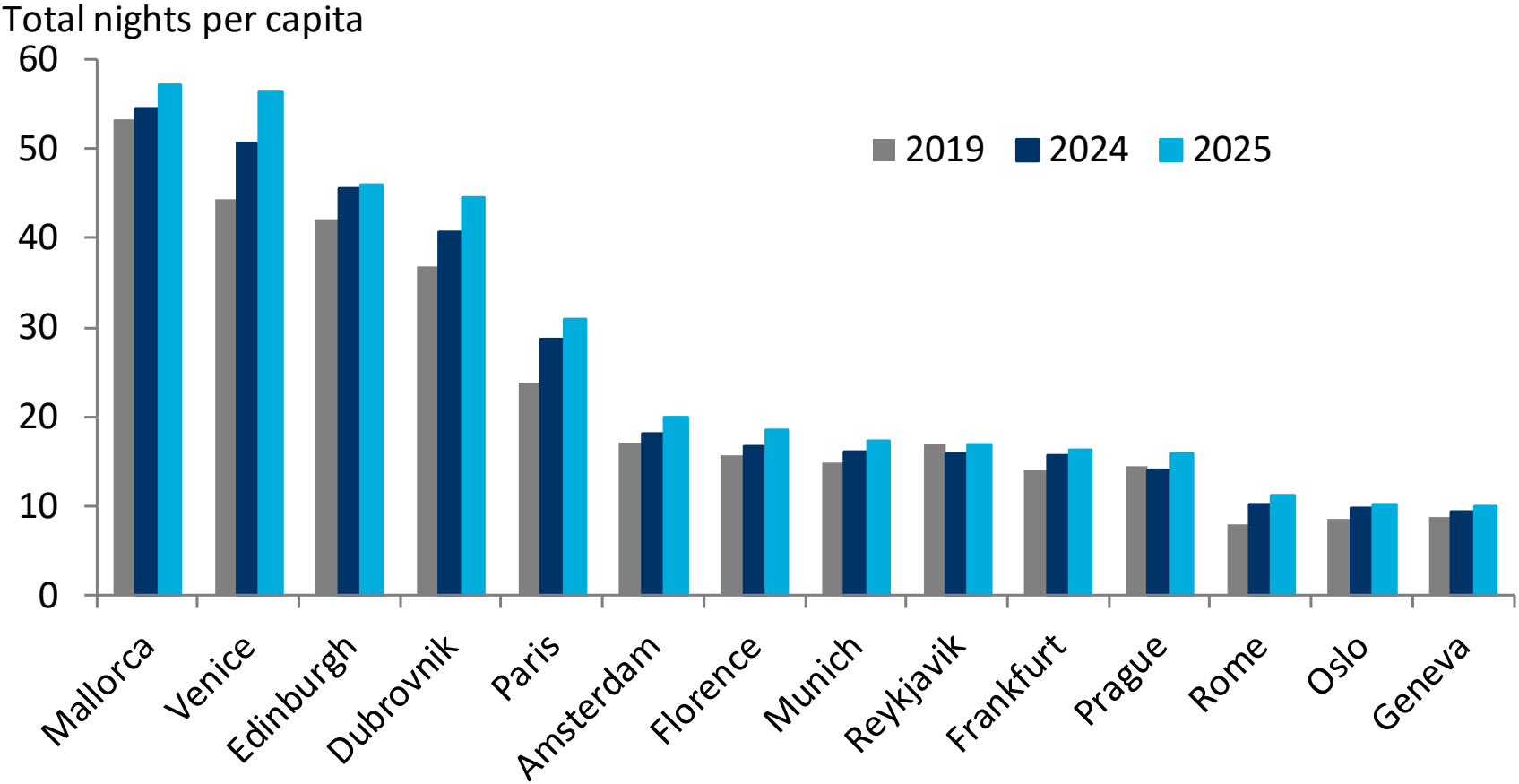
Multiplier in overtourism news between 2019 (FY) and 2024 (YTD)



Source: Tourism Economics

Tourism intensity is continuing to rise across key locations

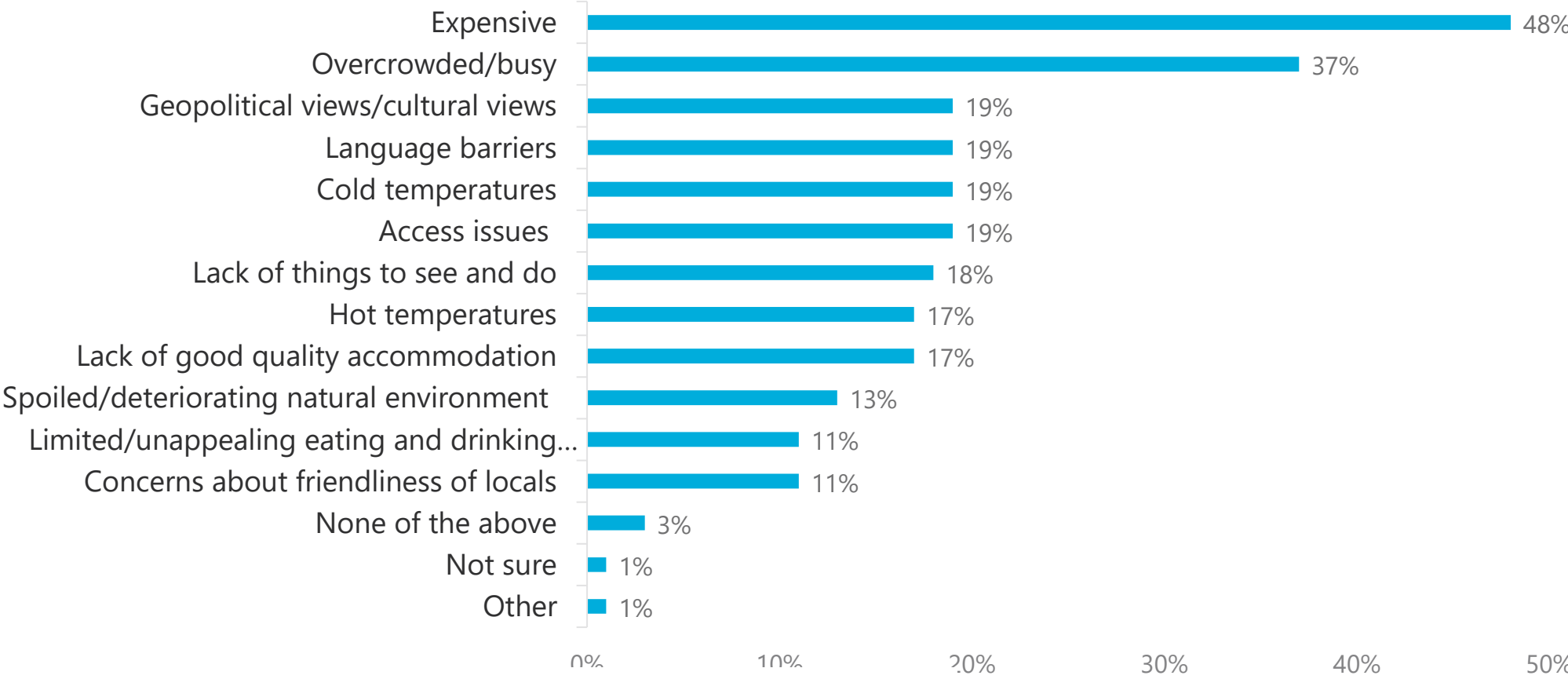
Tourism intensity across selected European destinations



Source: Tourism Economics

Overcrowding can impact destination choices

Biggest Deterrents for Travel Destinations



Source: Tourism Economics, Travel Trends Survey 2024

Opportunities for new destinations

Nights in rural locations since 2020



Source: Tourism Economics, based on Eurostat Tourism data.

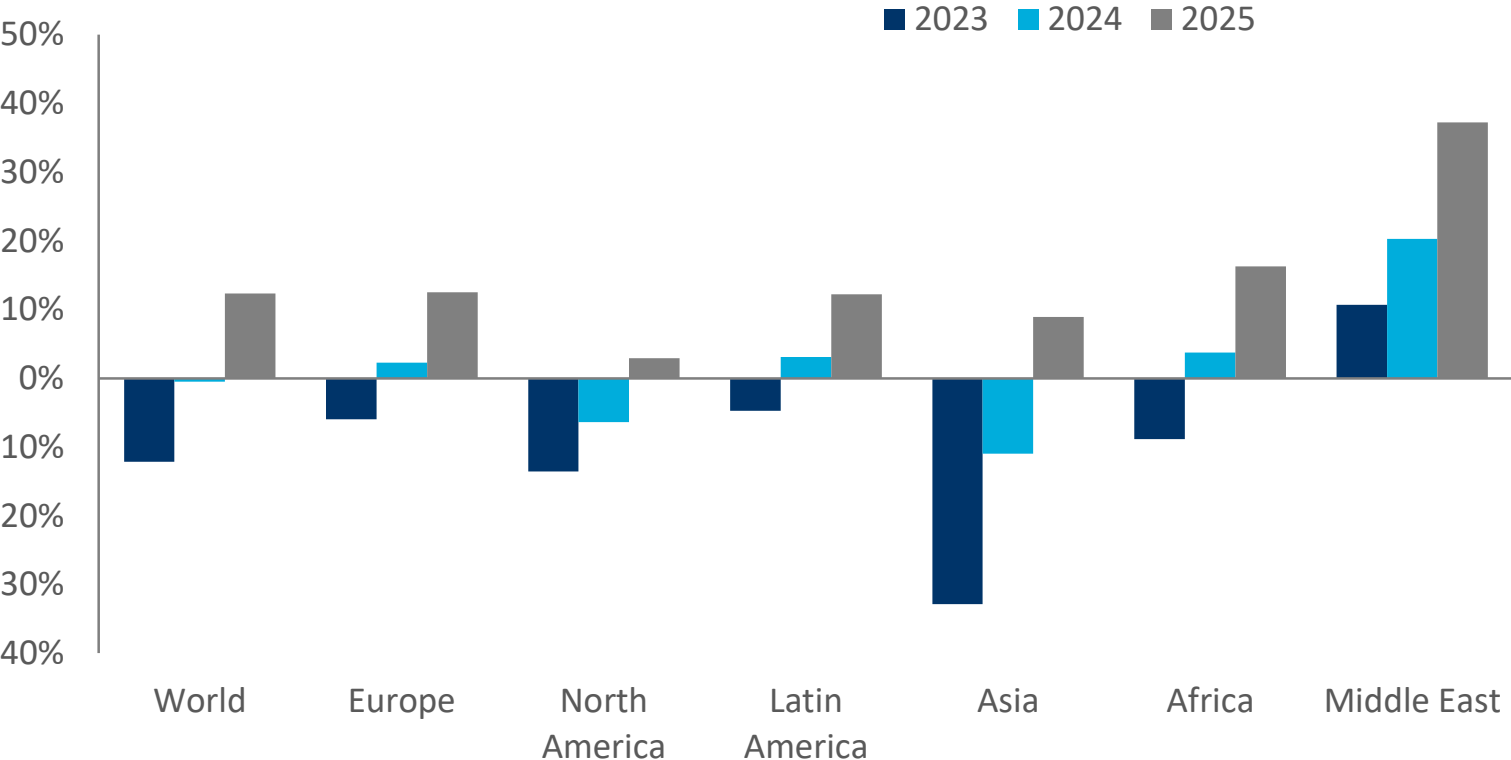
Growth is evident beyond hotspots

- Travellers are increasingly looking for alternative and authentic destinations (*see Euronews Travel Trends Report*)
- 57% of travellers are more interested in visiting new destinations and 29% of travellers report increased interest in adventure travel (*Travel Trends Survey*)
- Increased cruise deployment to new destinations including private island/resort developments especially in Caribbean (*Cruise-IP*)

Growth outlook despite uncertainty

International visitor arrivals by region

% relative to 2019 levels



Other emerging themes

- Geopolitical risks remain a concern for economic growth and confidence
- Business travel remains important, especially for MICE events and offering bleisure opportunities
- AI will become more important for trip planning offering risks and opportunities
- Sustainable travel solutions to become non-negotiable